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Chairman: Mr. ABELIAN (Armenia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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In the absence of Mr. Asher (Nicaragua), Mr. Abelian (Armenia), Vice-Chairman, took the Chair.

The meeting was called to order at 10.15 a.m.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/50/11 and A/49/897)

1. Mr. HO (Singapore) supported the statement by the representative of the Philippines on behalf of the Group of 77 and China. He reaffirmed that the capacity to pay of Member States, itself determined on the basis of national income, was the fundamental criterion for determining the scale of assessments. However, as national income statistics were influenced in the short term by a whole series of internal and external factors, a base period of two to three years would not provide a true picture of capacity to pay and it would therefore be preferable to opt for a longer period.

2. Adjustments for countries with low per capita income unduly affected the calculation of contributions, especially since per capita income did not really affect capacity to pay and its use discriminated against countries with small populations. Moreover, the gradient of 85 per cent used in the adjustment formula was not based on any objective or technical criterion. The current methodology should therefore be modified with a view to reducing the weight of per capita income in the establishment of the scale.

3. Almost one quarter of Member States were assessed at the floor rate of 0.01 per cent although their share of global income was far less than that figure. That anomaly should be corrected by lowering the floor rate, a step that could be facilitated by using more than two decimal points in quantifying the scale of assessments. The floor rate should not, however, be abolished since it was incumbent on all Member States to bear at least a small fraction of the Organization's expenses, thereby showing their political commitment.

4. Singapore supported the phase-out of the scheme of limits but stressed that it should be gradual to prevent sudden excessive increases in the contributions of certain Member States.

5. The Organization was patently on the brink of bankruptcy, but its financial problems were not related to the scale of assessments: they were due to the fact that certain Member States had failed to pay their assessed contributions in full, on time and unconditionally and owed the Organization, inter alia, $800 million in respect of the regular budget. The solution to the crisis lay not so much in a reform of the scale as in the exercise of political will by Member States through payment of their assessed contributions.

6. Mr. ELMONTASER (Libyan Arab Jamahiriya) supported the views expressed by the representative of the Philippines on behalf of the Group of 77 and China. Since the founding of the United Nations, the scale of assessments had always been a thorny issue. The Committee on Contributions had spared no effort to devise an equitable methodology that would take account of States' capacity to

pay, a fundamental criterion for the establishment of the scale. It was to be hoped that its work would lead to the elimination of all sources of distortion.

7. His delegation welcomed the Committee's decision to consider the matter of the ceiling rate and hoped that it would produce a recommendation designed to remove or at least alleviate the burden on developing countries. In addition, a shorter base period that took account of short-term economic fluctuations should be adopted. With regard to the scheme of limits, his delegation welcomed the reduction of 50 per cent in its impact and hoped that it would be rapidly phased out.

8. Mr. TURNQUEST (Bahamas), speaking on behalf of the Caribbean Community, expressed appreciation of the statement by the representative of the Philippines on behalf of the Group of 77 and China. Capacity to pay had always been the basic criterion for determining the scale of assessments, and it was gratifying that both of the working groups concerned had reaffirmed the principle in the course of their in-depth examination of possible improvements to the system.

9. Although the existence of anomalies in the current scale was generally recognized, it had been adopted by consensus, and Member States must respect the ensuing obligations until such time as agreement on acceptable changes had been reached. The Organization's financial difficulties could not be attributed to shortcomings in the scale of assessments, and it was moreover unlikely that Member States would be more inclined to pay their contributions if the scale were changed. At all events, non-payment of contributions was unacceptable unless a country was facing serious difficulties, in which case the Organization should show understanding of its plight. In spite of their own economic problems, the member countries of the Caribbean Community had always endeavoured to pay their contributions to the regular budget and the budget for peace-keeping operations in full and on time, and they urged all other Member States to follow suit.

10. In order to guarantee an equitable scale, it was important for the scale methodology to be simple, transparent, and based on reliable, verifiable and comparable data. In that regard, many of the delegations of the Caribbean Community had difficulty in providing the data required by the Organization; they hoped to obtain the necessary assistance in the future. They had taken note of the various views expressed on the use of gross national product (GNP) instead of national income in calculations, the need to maintain the debt-burden and low per capita income adjustments, and the optimum base period to ensure stability of the scale. Continued discussion was clearly necessary before a decision could be taken.

11. The information contained in the reports of the Committee on Contributions and the High-level Open-ended Working Group on the Financial Situation of the United Nations showed unequivocally the difficulties experienced by many developing countries, including the majority of CARICOM countries, due to the imposition of the floor rate which resulted in contributions well beyond their capacity to pay. The floor rate must therefore be lowered or abolished. In addition, it was to be hoped that the Committee on Contributions could examine the possibility, mentioned in Barbados in 1994, of drawing up a vulnerability index covering the small island developing States.

12. Per capita GNP should not be used as a criterion for determining income, since it did not reflect States' capacity to pay and would only accentuate the disadvantages which many countries already experienced. Caution was all the more imperative given that the decision on the scale of assessments for the regular budget would affect the apportionment of the expenses incurred in connection with peace-keeping operations, and even the scales of other international organizations which took the United Nations scale as a guide. The CARICOM delegation shared the view of the Group of 77 and China that any change in the scale of assessment for peace-keeping operations should be made on the basis of consensus.

13. Mr. MONAYAIR (Kuwait) said that the financial crisis must be resolved urgently so as to enable the Organization to discharge its functions effectively. For that to be achieved, it was more important than ever that Member States should pay their contributions promptly and in full. Otherwise, any modification of the existing method for determining the scale of assessments would have only a limited impact. Kuwait, for its part, paid its financial obligations fully and promptly.

14. The principle of capacity to pay remained the fundamental criterion in determining the scale of assessments. The Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay had rapidly produced a constructive report containing recommendations formulated after detailed consideration of the various factors affecting countries' capacity to pay, with the aim of arriving at a more accurate and equitable method of determining contributions. The recommendations on reducing the reference period from 7 1/2 to 3 years and using gross national product as the basis of the calculations were particularly noteworthy.

15. His delegation supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China, which was of great importance in that it outlined the position of the developing countries on the various criteria used to determine the scale of assessments and on the relevant principles laid down by the General Assembly.

16. It was essential, above all, to avoid reductions in the contributions of industrialized countries giving rise to increases in the contributions of developing countries, and factors such as development requirements must be taken into account, particularly in respect of countries with economies presenting specific characteristics.

17. His delegation was aware of the difficulties faced by the Committee on Contributions in carrying out the mandate entrusted to it by the General Assembly in resolution 48/223 C, and hoped that the Committee would redoubie its efforts to improve the method currently used and would have sufficient time to study and take advantage of all the constructive recommendations contained in the report of the Ad Hoc Working Group.

18. Mr. BIRENBAUM (United States) said that his delegation was among those in favour of revising the scales of assessments for the regular budget and for peace-keeping operations: although that would not resolve the Organization's financial difficulties, it would create a fairer and more transparent system.

19. In its report, the Ad Hoc Working Group on the Implementation of the Principle of Capacity to Pay had provided very persuasive justifications for its proposals, in particular on using GNP to determine States' income, reducing the reference period to three years and recalculating assessments annually. It was unfortunate that the Committee on Contributions had not been able to give the report detailed consideration.

20. Serious consideration must be given to replacing market exchange rates which created anomalies with alternative types of conversion rates, such as those based on purchasing power parity. In addition, if debt burden adjustment was retained, actual debt repayments should be taken into account, rather than following the current practice of using the theoretical payment period of eight years as a base. The low per capita income adjustment could be revised with a view to re-establishing the balance between the States that received a subsidy and those which paid for it. The reduction of the floor rate could be justified, but assessed contributions should be reduced only on the basis of specific economic criteria. The scheme of limits should be phased out as quickly as possible.

21. With regard to the scale of assessments for peace-keeping operations, his delegation commended the Government of Portugal for deciding voluntarily to move from group C to group B. Nevertheless, the scale needed comprehensive reform, for the differences between the groups were too great and there were no objective criteria for assignment to one group or another. In addition, ceiling and floor rates should be introduced for the permanent members of the Security Council. The many discussions of the whole subject which had taken place should be continued with a view to reaching early agreement.

22. It had to be borne in mind that the scale of assessments reflected both technical and political considerations. Discussions should continue in an effort to reach a conclusion that was acceptable in both respects.

23. Mr. HAMZAH (Iraq) said that, if the financial crisis faced by the Organization was to be resolved, Member States must begin by paying their contributions on time. He associated himself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China and stressed the need to take into consideration the financial and economic situation of the developing countries in the determination of their assessed contributions. In that connection, he reiterated that the increase in Iraq's rate was unjustified since it ignored the country's economic situation and the adverse consequences of the complete embargo imposed on it by the Security Council, since that embargo had deprived it of any source of income and rendered it unable to respond to the humanitarian and vital needs of the population.

24. Iraq had proposed that the amount of $300,000 should be released from the country's frozen assets to enable it to pay part of its debt to the regular budget, or that the United Nations should accept payment in local currency, as it had done until 1992. As neither of those proposals had been accepted, his delegation had submitted a request to the Committee on Contributions for derogation from the provisions of Article 19 of the Charter of the United Nations on the grounds that Iraq's failure to meet its financial obligations had been due to circumstances beyond its control. In its report (A/50/11), the

Committee on Contributions had stated that members had divergent views on the matter. Consequently, his delegation had requested the President of the General Assembly to place the matter on the Assembly's agenda. Since the President had forwarded the matter to the Fifth Committee for its consideration under agenda item 120, his delegation hoped that the Committee would take a decision on it as soon as possible.

25. Mr. MIRMOHAMMAD (Islamic Republic of Iran) said that his delegation associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. He stressed that the principle of capacity to pay remained the fundamental criterion for determining the scale of assessments, as had repeatedly been stated by the General Assembly. It was essential to improve the current methodology for determining the scale of assessments in order to ensure that the scale reflected more accurately the real capacity to pay of Member States, whose level of development varied greatly. In that regard, national income or per capita income should not be taken as the sole criterion; other elements should also be taken into account, such as natural or man-made disasters and the problems of refugee host countries, as well as debt adjustment and the low per capita income allowance formula.

26. Iran's assessment had been far in excess of its capacity to pay for the four latest scale periods. Even with the 50 per cent phase-out of the scheme of limits, its assessment rate was twice as high as it would have been with a complete phase-out. His delegation therefore favoured the total phase-out of the scheme of limits. In addition, in view of the structural adjustments under way in many countries, it also favoured a shorter base period, preferably three years, since the use of more recent data would more accurately reflect real capacity to pay.

27. His delegation was concerned about the seriousness of the financial situation of the Organization and stressed that, as long as the major contributors remained unwilling to meet their financial obligations under the Charter, no improvement to the scale of assessments would be sufficient to resolve the crisis.

28. Mr. AL-AMRI (Oman) said that his delegation supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China. He appealed to all Member States which had not yet done so, to pay their contributions, since that would be the first step towards resolving the grave financial crisis faced by the Organization.

29. Recalling that Oman's assessed contribution had been reviewed in the scale adopted by the General Assembly in 1994 for the period 1995-1997, his delegation reiterated its opposition to any increase in the assessment of developing countries which failed to take into consideration their economic situation. It noted that in paragraph 33 of its report (A/49/897), the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay had drawn attention to the situation of the oil-producing countries, whose national wealth had been significantly reduced by the 1986 drop in oil prices, which had significantly reduced their capacity to pay.

30. He hoped that a simplified method for determining assessments would be adopted, which would be flexible, fairer and more transparent, based on the principle of capacity to pay. He also hoped that the economic problems experienced by his country, which had always endeavoured to pay its contributions in full and on time, would be taken into consideration when its assessment was being determined.

31. Mrs. WILLIAMS-STEWART (Samoa) said that the scale of assessments was an issue of great importance to small countries such as her own. She believed that the scale methodology contained elements which distorted the fundamental principle of capacity to pay. In practice, many countries, including her own, had been required to pay contributions far in excess of their capacity to pay. In addition, the existence of the floor rate meant that the smallest and poorest countries were assessed at a rate proportionately much higher than that of wealthier countries. Those anomalies had been recognized in the report of the Committee on Contributions and had been examined by the High-level Open-ended Working Group on the Financial Situation of the Organization. It was clear that the floor rate should be eliminated or considerably lowered and that the special scale for the financing of peace-keeping operations should be adjusted accordingly. That would enable a number of small independent countries to join the Organization, thereby consolidating its universal character. It was also worth nothing that many of the countries which were in substantial arrears owing to economic factors beyond their control and which fell or would fall under Article 19 of the Charter were floor countries.

32. On the occasion of the fiftieth anniversary of the United Nations, it was more important than ever for all Member States to meet their financial obligations and place the Organization on a sound financial footing. Notwithstanding its own difficulties, Samoa was up to date with its contributions to the regular budget and would endeavour to remain so at all times.

33. Mr. DJACTA (Algeria) said that his delegation associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. He stressed the need to reach a consensus on a fair and equitable apportionment of the expenses of the Organization and reiterated that the real capacity of Member States to pay was the fundamental criterion for determining a scale which would be acceptable to all and would help to strengthen the financial basis of the Organization and of the United Nations system.

34. If national income remained the basis for assessing capacity to pay, realistic exchange rates should be factored into its consideration. In addition, debt-burden adjustments should be based on a larger coefficient, which would better reflect the impact of debt on the capacity to pay of countries which, like Algeria, spent most of their export revenues on debt servicing. His delegation supported the recommendation by the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay that the statistical base period should be shortened to three years; that would make it possible to take into account more recent data and more accurately reflect the capacity to pay of Member States.

35. He reaffirmed his country's full support for the United Nations, which was also manifested at the financial level. Despite its own diminished capacity to pay, Algeria had met all its financial obligations ahead of time.

36. Mr. ETUKET (Chairman of the Committee on Contributions), responding to observations made by delegations during the general debate, said that several Member States had reaffirmed that capacity to pay constituted the fundamental criterion for determining the scale of assessments. Member States had also emphasized the importance of fulfilling the financial obligations incurred under the Charter. One delegation had recalled that the scale of assessments was the resultant of a range of political and technical considerations: it was thus to be hoped that Member States would be able to provide the Committee on Contributions with clear political guidelines on the basis of which it could give a technical opinion regarding the scale methodology.

37. Certain issues clearly required further consideration, namely the length of the base period, the debt-burden adjustment and the low per capita income adjustment. Further, there was a convergence of views regarding the possibility of using market exchange rates for the conversion of national income statistics, the need to study adjustments to be applied in special cases, and the taking into account where appropriate of other indicators of income to measure capacity to pay.

38. With regard to the phasing-out of the scheme of limits, he noted the concerns expressed by certain Member States on the impact that the scheme had on their assessment and stressed that attention would need to be given to the matter as soon as possible in the context of the new scale methodology. At its next session the Committee was planning to consider, inter alia, the problems raised by the former centrally planned economies - referred to in paragraph 51 of the report of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897) - and the question of the abolition of or reduction in the floor.

39. The Committee on Contributions shared the concerns of those countries which, owing to economic difficulties beyond their control, had fallen or were likely to fall within the scope of Article 19 of the Charter. It would make every effort to respond quickly, pursuant to its mandate, to requests for derogations submitted to it, taking into account the recent supplementary data provided by certain Member States.

AGENDA ITEM 116: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued) (A/50/6/Rev.1 (Vols. I and II), A/50/7 and A/50/16)

40. Mrs. ALBRIGHT (United States of America) noted with satisfaction the timeliness and improved format of the budget submission, which also reflected many positive aspects in substantive terms. The proposed budget provided for a net reduction of 109 posts and shifted resources towards the priority areas of political and peace-keeping activities, development, human rights, humanitarian assistance and internal oversight. Moreover the proposed programme budget reflected a number of valuable initiatives instituted by the Secretary-General in the management of personnel, modernization of information systems, administration of justice, strategic budgeting and control of administrative

costs. The establishment of a new efficiency board was also an encouraging sign.

41. Her delegation believed that the Secretariat had taken creditable steps towards the goals specified by the Secretary-General of maximizing efficiency gains without having a negative impact on the fulfilment of mandates. It was now the responsibility of Member States to reshape the budget where necessary and to approve a funding plan that would be sustainable over the following two years as well as over the longer term, taking into account new world realities.

42. A start must be made in addressing the multiplicity of agencies and programmes with overlapping mandates that had come to exist over the years by pruning obsolete entities and activities. For the United Nations to succeed, its organization must be rationalized around core roles, those which the United Nations was uniquely able to play. The question that must constantly be asked in the Fifth Committee in its consideration of the budget was how a particular agency or activity contributed to a core purpose of the United Nations. That required a departure from business as usual and the adoption of a zero-based approach to budgeting, placing the burden of proof on the advocates of continuing or expanded programmes rather than on those advocating termination or downsizing.

43. There were many ways of rationalizing the day-to-day functioning of the Administration, and the Under-Secretary-General for Administration and Management had already made progress in that regard. Progress must continue in eliminating non-essential spending and unneeded positions through greater use of outsourcing and simplified administrative procedures. That was, of course, the responsibility of managers, but Member States must, in considering the budget, give a clear mandate for reform.

44. Firstly, operating costs must be reduced. Tens of millions of dollars could be saved over the biennium if the ratio of General Service staff to Professional staff was reduced to the average prevailing in the specialized agencies. The current ratio was wasteful in the light of current technology.

45. Secondly, spending must be eliminated on activities that were duplicative or which had become obsolete. For example, the Department for Development Support and Management Services, with a budget of more than $25 million, overlapped the work of other agencies and should be consolidated with them. A hard look should also be taken at whether the Special Committee on decolonization still had important business to conduct; and the various committees dealing with Palestinian issues should be re-examined in view of the peace process.

46. Certain activities included in the proposed programme budget were not justifiable at a time of fiscal constraint. Spending for discretionary and cosmetic maintenance and renovation should be curtailed, and resources for travel, general temporary assistance and consultants should be rationalized. Furthermore, reductions in the budget for conference services could be achieved by holding fewer and shorter meetings. The size and cost of the Department of Public Information could be scaled back considerably without harm to the essential mandates of the Organization. Savings could also be achieved by

reducing the flood of paperwork produced by the Organization every year. The United States would be inviting all Members to support a resolution outlining principles for reducing the number and size of reports. There should be a significant reduction in the amount spent on reports, estimated at $295 million in the current biennium.

47. Finally, it was not the time to increase staff salaries. Her Government would oppose the 9 per cent pay increase proposed by the International Civil Service Commission, which was not justified on the merits and could not be absorbed in the budget without compromising important programmes.

48. A further fundamental question in considering the budget concerned the will and ability of Member States to pay for United Nations activities. Many Member Governments, including that of the United States, were behind in payments to the regular budget which merited some explanation. The United States Government had asked Congress to appropriate $923 million to meet United States assessments to international organizations, including the United Nations. Although the issue had not yet been settled, lower amounts had been approved in the House of Representatives and the Senate (by $70 million and $370 million, respectively) than requested. The request for $672 million to pay off arrears for peace-keeping had been denied. It should be recalled that the United States Constitution did not allow the executive to engage in expenditure without the agreement of the legislature, where the President might not enjoy a majority. The Government was strongly committed to meeting United States obligations towards the United Nations, and would continue its dialogue with members of Congress towards that end. It had recently made payments of $150 million to the Organization, and it should be recalled that in total it had paid over $1 billion over the past year.

49. Despite efforts to control escalating costs, there had been strong growth in assessments. Over the past decade, even though budgets had been maintained at or near zero real growth, the United States regular budget assessment had grown by more than 80 per cent. That could not continue and it was clear that Congress would not support levels of funding for the United Nations that did not reflect budgetary self-discipline. In any event the United States would not approve a budget package which exceeded $2.51 billion for the biennium 1996-1997, an amount which corresponded to a reduction of only 3.8 per cent compared with the current biennium and which could certainly be achieved without harm to essential United Nations mandates.

50. It was true, as other delegations had pointed out, that budget-cutting and reform were not the same thing. That was why her delegation hoped that the Member States would consider its suggestions objectively and with the sole purpose of making the United Nations more efficient and cost-effective.

51. Reform must be the first priority of the General Assembly in 1995. A number of measures could be taken: an increase in outsourcing, greater transparency in the work of the Advisory Committee on Administrative and Budgetary Questions, the strengthening of the Office of Internal Oversight Services, and the establishment of a code of conduct for the staff. For the long term, a dialogue was under way on how to revitalize the United Nations. The General Assembly had established a high-level working group on reform, and a

number of recent studies had produced useful recommendations that should be reviewed and, when appropriate, implemented as soon as possible. The goal should be to build a United Nations system that was more productive for all its Members, especially those countries which aspired to expand their economies and whose needs were specific and very concrete. That was why the United States wanted a United Nations that talked less and produced more.

52. Mrs. des ILES (Trinidad and Tobago), speaking on behalf of the 13 members of the Caribbean Community (CARICOM) which were Members of the United Nations, welcomed the timely distribution of the budget documents and fully associated herself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. She welcomed the improvements in the format and methodology of the budget, especially the participation of programme managers.

53. The Secretary-General had launched a three-phase review of the activities of the United Nations, of which phase one (enhancing efficiency and improving performance) had already been incorporated into the proposed programme budget. While welcoming those improvements, the CARICOM delegations attached the greatest importance to the recommendation of the Advisory Committee, contained in its report (A/50/7), that it was incumbent upon the Secretary-General to make the necessary programmatic proposals to the General Assembly should he be of the view that certain activities should be abandoned or modified, or that priorities should be reordered so as to achieve the desired level of savings. They also trusted that future reporting on the subject would be sufficiently detailed to justify that the measures envisaged would indeed lead to improved productivity and would cover the entire Organization.

54. The proposed programme budget for the biennium 1996-1997 was approximately 3.8 per cent less than the revised appropriations for the biennium 1994-1995, and the Advisory Committee's recommended reduction of only $18 million would suggest that the budget estimates presented by the Secretary-General were realistic and cost-effective. There was, however, a need for caution in that cost-cutting and rationalization measures must strengthen the efficiency of the United Nations system, not paralyse it.

55. The CARICOM countries attached particular importance to the ongoing discussions in the Ad Hoc Working Group on an Agenda for Development, through which the commitments undertaken at the recent series of global conferences organized by the United Nations system could be implemented. They were not, however, convinced that the overall level of resources for international development - which had been reduced by 4 per cent in the proposed programme budget - was adequate to provide for the implementation of the agreed outcomes. In that regard, they reiterated the need to restore the balance between peace-keeping operations and development activities; in their view, the first step was to begin increasing regular budgetary allocations for development activities. The imbalance was also evident in the increase in the resources allocated to the Office of Internal Oversight Services. Whatever the importance of its function, it was disturbing, to say the least, that that unit should be provided with 18 per cent of the new Professional posts and 60 per cent of the new General Services posts, at a time when resources for development were being

reduced. Enhancement of internal oversight should not come at the expense of activities mandated by the deliberative bodies.

56. Finally, it was absolutely essential to resolve as soon as possible the unprecedented financial crisis facing the Organization. If Member States were not willing to pay their assessed contributions in full and on time, or to find a way to resolve the overall financial situation of the United Nations, the eventual adoption of a programme budget would be a meaningless exercise.

57. Mr. ELARABY (Egypt) said he was convinced that no amount of administrative reform or restructuring of the Secretariat would enable the United Nations to respond to the new era that was opening up. The new political and socio-economic challenges required the formulation of a new international consensus inspired by the ideals and objectives of the Charter. The current emphasis on peace-keeping and humanitarian assistance should not divert attention from established priorities such as economic development, economic revitalization programmes in Africa, environmental protection, and control of narcotic drugs. It was therefore particularly disappointing to note that attempts had been made in the proposed programme budget to reduce the ability of the United Nations to respond to the needs of the majority of its membership. The growing marginalization of developing countries in world affairs, particularly in the global economy, could give rise to opposition, or even confrontation, between North and South. In order to avoid that possibility it was essential to strengthen the role of the United Nations and it was against that background that the General Assembly should approach the budget proposal. Reform was not a bad thing in itself, as long as it did not become perpetual and was not based on a "minimalist" conception of the Organization.

58. It was totally unfair on the part of some Member States to blame the Secretariat for failures which were not its own. Outstanding contributions amounted to $3.4 billion, and the United Nations owed $1.1 billion to troop-contributing countries; in such conditions, it was not surprising that the Organization was not fulfilling its mandates. Egypt believed that it was perfectly meaningless to consider the proposed programme budget without an unconditional commitment on the part of all Member States, particularly those which were withholding payments for political reasons, to pay their arrears in full by the end of the year.

59. His delegation fully endorsed the statement made by the representative of the Philippines on behalf of the Group of 77 and China. It was disturbing to note that the level of the proposed budget for the biennium 1996-1997 was not only below that for the biennium 1994-1995 but also below that of the budget outline which had recently been approved. Moreover, an arbitrary decision that the Secretariat must find some way to absorb all additional expenditure resulting from inflation and currency fluctuations would be contrary to accepted procedures and to the provisions of resolution 41/213 which the General Assembly had adopted, it must be stressed, by consensus.

60. Egypt noted with concern that the areas of particular interest to developing countries had been lumped together under one budget cluster, despite the numerous activities mandated by the legislative organs resulting mainly from the follow-up to major international conferences in the social and economic

fields. On the other hand, internal oversight had been presented as a priority, although it was neither a substantive activity nor a priority agreed to by the General Assembly. In Egypt's view, it was an important but not priority function - particularly with regard to the allocation of new posts.

61. He also noted with concern the decrease in real terms in the resources allocated to Africa. At a time when tremendous efforts were being made at the regional and subregional levels to overcome the problems with which the continent was faced, the role of the United Nations should be enhanced, particularly in the fields of social and economic development, rather than limited to humanitarian assistance.

62. The Egyptian delegation had been unable to get a clear picture of the Secretariat's structure from its review of the proposed programme budget. The Secretary-General should provide the Fifth Committee with the organization chart proposed for each department, together with a definition of the tasks entrusted to each administrative unit - as well as a list of staff by nationality at the senior level in each department. That was the best way of ensuring adherence to the principle of equitable geographical representation at that level.

63. The Egyptian delegation had taken note of the efforts aimed at streamlining structures and avoiding duplication and waste. In that connection, it welcomed the comments and recommendations made in the first report of the Advisory Committee, while emphasizing that measures to achieve savings must not be arbitrary and that the Fifth Committee was the appropriate body for taking decisions on the budget.

64. Mr. MIRMOHAMMED (Islamic Republic of Iran) said that his delegation fully associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. It noted that the difference between the reduced resources allocated in the proposed programme budget and the revised 1994-1995 appropriations was partly the result of savings of $35.5 million which were achieved through greater productivity. While such savings were commendable in principle, they should not be made at the expense of development activities (UNCTAD, regional commissions), which were important to many Member States. The United Nations must be given the resources to fully implement the activities entrusted to it by Member States and the implementation of programmes should not suffer from the failure of the major contributor to comply with its obligations.

65. It was to be expected that the priorities envisaged in the medium-term plan for the period 1992-1997 would be reflected in the proposed programme budget. Unfortunately, the expected balance had not been realized. Even though, from the earliest years of the Organization's existence, the General Assembly had insisted on the importance of economic development programmes to the strengthening of international peace and security, such programmes continued to be given less favourable treatment than those accorded higher priority by others. The priorities proposed by the Secretary-General were not the same as those agreed to by the General Assembly at its forty-fifth and forty-seventh sessions, particularly with regard to internal oversight: as the Chairman of the Group of 77 had stated, oversight was not a substantive activity and the General Assembly had never declared it a priority.

66. More generally, he had noted an increase in the proposed programme budget for programmes which had not been approved by the General Assembly, such as in the area of human rights, where the increase was unjustified, particularly since revisions to programme 35 of the medium-term plan had not been approved. Section 21 of the proposed programme budget could be adopted only if it reflected the relevant legislative mandates.

67. As for the question of the transfer of posts within particular sections of the budget, the Iranian delegation did not think that it would be in a position to approve the transfer of the 26 posts from the support account for peace-keeping operations to the regular budget.

68. Mr. ELMONTASSER (Libyan Arab Jamahiriya) welcomed the fact that the programme budget had been submitted early enough to permit Member States to study it in sufficient depth. The Libyan delegation supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China. As other speakers had already pointed out, the reduction of the budget was not an end in itself but a means of better determining priorities and objectives; in any case, he hoped that it would not affect development programmes.

69. While the budget's presentation and methodology had undoubtedly improved, the size of the budget document could be reduced still further; efforts must also be made to rationalize expenses, determine disbursement priorities and avoid overlapping competences and the issuance of similar documents, and maximum use must be made of the technological innovations which had been introduced into the work of the Organization at relatively high cost. Such measures would lead to, inter alia, a reduction in the number of staff, limitation of temporary appointments and of the use of consultants, and strict control of extrabudgetary revenues and expenses and the use of the contingency fund.

70. It was deeply regrettable that the delays in the payment of assessed contributions should jeopardize the Organization's financial situation. It was particularly unacceptable for certain Member States, which were quite capable of paying, to use non-payment of their assessed contributions as a means of pressure. The Libyan Arab Jamahiriya, for its part, had paid its assessed contribution up to the end of the current year, despite the difficult economic circumstances it was suffering; those difficulties, as everyone knew, had been considerably worsened by the consequences of the embargo and unjust sanctions imposed by the Security Council. It again called for the immediate lifting of the sanctions.

71. The Libyan delegation was of the view that the adoption of the proposed programme budget should be deferred until Member States committed themselves to the payment of their arrears and assessed contributions to the end of 1995, so that the proposed budget for the following biennium could start with a clean slate. In conclusion, his delegation supported most of the remarks contained in the Advisory Committee's report on the proposed programme budget.

72. Ms. AGUILERA de LATERZA (Paraguay) said that, at a time when the range of tasks being entrusted to the Organization was becoming increasingly broad and diversified, delays in the payment of assessed contributions were frustrating

its actions. While it was understandable that certain States in difficult economic straits might have difficulty in honouring their commitments, it was unacceptable that economically strong States should be poor payers. Paraguay was pleased to announce that it was currently up to date in the payment of its assessed contributions.

73. The proposed programme budget provided for certain funds which should have been used to finance development projects to be redeployed on a priority basis to peace-keeping operations. Paraguay did not think that it was appropriate to give preference to peace-keeping operations to the detriment of development activities, which were of critical importance to most Member States. There were also clear imbalances between regions. The share of Latin American countries in the allocation of programme resources, for example, was only 8.66 per cent, as against 50.42 per cent or 40.67 per cent for other regions.

74. It was true that the likelihood of an increase in international cooperation for development had been announced for the following biennium, to be funded from an allocation of additional resources to the economic and social sectors. But, given the current donor fatigue, the provenance of such resources was unclear, unless perhaps they were obtained through a more rational and effective use of the Organization's resources. In that connection, he could not but welcome the adoption of such measures as the establishment of the Office of Internal Oversight Services. However, as the Group of 77 had rightly recalled, the General Assembly, through the Fifth Committee, remained the appropriate decision-making body on administrative and budgetary matters.

75. In the area of human resources, the proposed programme budget provided for a reduction of 201 posts, which would eventually result in a net reduction of 109 posts. It was to be hoped that the principle of equitable geographical distribution would be rigorously applied in making the reduction, a requirement of particular importance for Paraguay, which was one of three Latin American countries that were underrepresented in the Secretariat, with only one staff member compared with its desirable range of between 2 and 14. In addition, Paraguay deeply regretted that, notwithstanding its efforts, the participation of two human rights observers of Paraguayan nationality in the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA) had not been accepted.

76. Lastly, the Paraguayan delegation was concerned about the proposed abolition of two posts in the Language and Communications Training Section which would affect Spanish language courses. Such a measure, as well as undermining the effectiveness of Spanish language teaching at the United Nations, would manifestly violate the principle of parity of official languages.

77. Mr. AKPLOGAN (Benin) observed with satisfaction that the proposed programme budget had been submitted within the prescribed time-limits. While noting that improvements had been made, the Beninese delegation - which supported the statement by the Group of 77 - was concerned that the amount of proposed resources was less than that of the revised appropriations for 1994-1995 and also than the overall programme budget plan. The reduction in resources for development was particularly worrying since it could not fail to have an impact

on priority areas of programme action such as the economic recovery and development of Africa, which for the first time had its own section; the amount of resources assigned to that section should be revised upwards. Benin, which belonged to the group of least developed countries, also requested that adequate resources should be allocated to the United Nations Conference on Trade and Development (UNCTAD) and to the other United Nations institutions involved in follow-up to the Mid-Term Global Review of the Programme of Action for the Least Developed Countries for the 1990s. It was furthermore essential to earmark adequate resources for follow-up to all major United Nations conferences.

78. Post reductions (109 posts proposed for abolition in the 1996-1997 biennium) should not become the main focus of the current restructuring process. To operate effectively, the Organization should have essential human and financial resources at its disposal. Benin, notwithstanding its difficulties, had fully paid up its contributions to the regular budget and was in the process of clearing its arrears of payments in respect of peace-keeping operations. It urged all Member States, especially the largest contributors, to pay their contributions in full, on time and unconditionally, so that the Organization could meet the expectations of the international community.

79. In conclusion, the Beninese delegation expressed its readiness to collaborate with all other delegations in reaching a consensus on the proposed budget.

80. Mr. BORDA (Colombia) said that his delegation fully supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China. The discussions could not fail to benefit from the new budget presentation, which was a marked improvement on previous budget documents. It was essential to keep to the same course, making the first part of the proposed budget still more descriptive and detailed and focusing on analytical and practical aspects in the second part.

81. As noted by the Chairman of the Group of 77, the proposed programme budget should be based on the set of priorities established in the medium-term plan, which stemmed directly from the mandates given to the Organization by Member States. But it was precisely the lack of correspondence between those two elements that had prevented the Fifth Committee from reaching a consensus at the previous session on certain modifications of the medium-term plan that neglected matters of vital importance to the developing countries. It was to be hoped that the situation would be remedied as a result of the debate on the proposed budget.

82. The pursuit of greater effectiveness and efficiency should not be reduced to the curtailment of resources. Change, which must not be dictated by the interests of just a few Member States, should seek to enhance the Organization's ability to discharge all the mandates entrusted to it.

83. The Colombian delegation was aware of the difficulties presented by the apportionment of the Organization's necessarily limited resources. In that connection, it was not convinced that grouping together in a single part of the budget the sections on such diverse subjects as economic development, the environment, international drug control and economic recovery in Africa was

conducive to efficiency. It was more vital than ever to reaffirm the role of the United Nations in economic and social affairs. But the token increase in proposed resources for development activities and - still worse - the reduction in resources for bodies engaged in such activities seemed to indicate a trend towards the gradual dismantling of the entities that played a key role in that area in the Secretariat. Economic and social progress - the cornerstone of global peace and security - must rank again as one of the Organization's priorities if the goals laid down in the Charter were to be attained.

84. Subject to the foregoing observations, the Colombian delegation was ready to approve a proposed budget that genuinely reflected the will of all Member States.

85. Mr. CONNOR (Under-Secretary-General for Administration and Management) reviewed the Organization's financial situation. He announced that a detailed up-to-date report would shortly be available. Since the end of September, additional contributions to the regular budget had been paid: they amounted to $135 million, including $95 million from the main contributor. Those contributions, however welcome, had been expected and had therefore been taken into account in the cash-flow estimates for the last quarter of 1995. As a result, although the amount of unpaid contributions had declined to some $675 million, it would still be necessary to borrow about $240 million from the budgets for peace-keeping operations by the end of the year to bridge the expected gap in the regular budget. Only the payment of further contributions, over and above those still expected, or additional economy measures would avert the need for increased "borrowing".

86. Additional payments for peace-keeping operations amounting to $228 million had been received in October, reducing the amount of unpaid contributions to some $2,291 million. In addition to the payments announced on 12 October (Russian Federation, $61 million; United States, $26 million; Brazil, $12 million), they included, in particular, two payments by the Russian Federation ($12 million and $25 million respectively) and a payment of $56 million by the United States.

87. In view of those payments, the Secretary-General intended very shortly to reimburse a sum of $100 million to troop-contributing countries in addition to the reimbursement of $150 million previously announced. However, even after those reimbursements, the Organization would still owe troop-contributing countries some $800 million by the end of October or about $1 billion by the end of the year. It would also have to borrow $240 million from the budgets for peace-keeping operations to meet cash requirements. The financial situation of the United Nations therefore remained extremely critical.

The meeting rose at 12.50 p.m.